

DATE:

08/29/2023

AGENDA ITEM (ACTION ITEM):

Consider / Approve acceptance of a Business Expansion Incentive package valued at \$304,507 with the City of Covington associated with constructing a central office building within Covington's city limits.

APPLICABLE BOARD POLICY:

01.1 Legal Status of the Board; 04.31 Authority to Encumber and Expend Funds

HISTORY/BACKGROUND:

The City of Covington offers a financial incentive for businesses to relocate within Covington's city limits through a 1% payroll tax reimbursement for five years if a company agrees to remain within the city for a 10-year period. Construction of a Central Office building at 347 Madison Pike, Covington, KY will add approximately 88 jobs to the payroll taxes KCS D pays to the City of Covington, resulting in an estimated reimbursement of \$304,507.

FISCAL/BUDGETARY IMPACT:

\$1,000.00 administrative fee from the General Fund to earn an estimated \$304,507 incentive from the City of Covington.

RECOMMENDATION:

Approve acceptance of a Business Expansion Incentive package valued at \$304,507 with the City of Covington associated with constructing a central office building within Covington's city limits.

CONTACT PERSON:

Matt Rigg, Chief Operations Officer

Principal/Administrator

District Administrator

Superintendent

Use this form to submit your request to the Superintendent for items to be added to the Board Meeting Agenda

Principal – Complete, print, sign and send to your Director. Director – if approved, sign and put in the Superintendent's mailbox



20 West Pike Street
Covington, KY 41011
(859) 292-2160

July 14, 2023

Matt Rigg
Kenton County Board of Education
1055 Eaton Drive
Ft. Wright, KY 41017

Dear Mr. Rigg,

Thank you for submitting a financial incentive application on behalf of the Kenton County Board of Education.

Based on your application and investment, City Staff has recommended that Kenton County BOE receive a Business Expansion Incentive package with an estimated value of **\$304,507 over a 5-year term which is based on adding approximately 88 more jobs and an additional \$7.2 million in payroll.** Kenton County BOE would need to commit to remain in Covington for 10 years (the final 5 years of the term are unincentivized).

This incentive will reimburse a percentage of your company's gross payroll based on the structure below:

Year 1- 1.0%
Year 2- 1.0%
Year 3-1.0%
Year 4-1.0%
Year 5-1.0%

If this package is acceptable to you, we ask that you email us back with an approval of the offer and also submit a \$1,000 non-refundable check for administrative fees. All incentive offers are contingent on approval by City Commission and successful execution of a development agreement. However, due to the catalytic nature of your project, we anticipate Commission's approval of this incentive package. Should the proposed location change, the applicant would need to resubmit their application, as it may change the city's recommended incentive terms.

Again, thank you for your interest in Covington. If you have any questions about this letter, please reach out to Sarah Allan at (859) 292-2144 or sarah.allan@covingtonky.gov. We look forward to your response.

Warm Regards,

A handwritten signature in black ink, appearing to read 'Tom West'.

Tom West, AICP
Economic Development Director, City of Covington

UNAPOLOGETICALLY COVINGTON